

Message Text

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ACTION EUR-12

INFO OCT-01 EA-10 ISO-00 SSO-00 INRE-00 AID-05 CEA-01
CIAE-00 COME-00 EB-08 FRB-03 INR-10 NSAE-00 SP-02
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FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC IMMEDIATE 6518
INFO AMEMBASSY TOKYO
AMEMBASSY PARIS

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USEEC

PARIS FOR OECD

E.O.11652:N/A
TAGS: EEC, ETRD, EIND
SUBJECT: EC STEEL POLICY

REF: BRUSSELS 8801 (NOTAL)

1. IN CONVERSATION WITH MISSION OFFICER, EC DIRECTOR FOR
STEEL AFFAIRS, MAURICE SCHAEFFER, MADE THE FOLLOWING
POINTS:

(A) PERMANENT STEEL COMMITTEE - DAVIGNON HOPES TO USE
COUNCIL MEETING OF JUNE 6 TO GET MEMBER STATES' ENDORSEMENT
OF THE DRAFT RESOLUTION. HE HOPES THAT THE DOCUMENT WILL
NOT SURFACE BEFORE THAT TIME. SCHAEFFER SAID IT SHOULD BE
EASY ENOUGH TO AGREE TO COMMON LANGUAGE FOR THE RESOLUTION
BEFORE THE OECD MEETING ON MAY 22 AND THAT THE COMMISSION
WOULD PROBABLY SEND ITS COMMENTS (SEE REFTEL) AND
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SUGGESTED LANGUAGE TO WASHINGTON MAY 12. SCHAEFFER IS
SUGGESTING TO DAVIGNON THAT THE OECD PLENARY TREAT THE
DRAFT RESOLUTION ONLY IN THE MOST GENERAL TERMS, IF AT ALL,
AND THAT A U.S., JAPAN, EC TRILATERAL BE HELD AFTER THE
PLENARY, I.E. MAY 23 OR 24 TO DISCUSS THE DRAFT RESOLUTION.

(B) REACTION TO U.S. TRIGGER PRICE INCREASES - THE

COMMISSION IS STILL WAITING TO SEE THE DETAILS OF THE INCREASE AND FOR AN ASSESSMENT BEING MADE BY EUROFER. COMMENT: A EUROFER OFFICIAL TOLD MISSION OFFICER THAT THEY WOULD WELCOME THE PRICE RISE IF U.S. MANUFACTURERS TOOK ADVANTAGE OF IT TO RAISE THEIR PRICES. END COMMENT. SCHAEFFER SAID THE COMMISSION REMAINS CONCERNED ABOUT HOW THE TRIGGER PRICE MECHANISM DISCRIMINATES AGAINST EC EXPORTS TO THE GREAT LAKES AND EAST COAST REGIONS BY USING JAPANESE TRANSPORTATION COSTS AND BY MAINTAINING CERTAIN TRIGGER PRICES HIGHER THAN U.S. LIST PRICES. THE COMMISSION IS ALSO ANXIOUS ABOUT THE CONTINUING ACTIVE STATUS OF SOME ANTI-DUMPING COMPLAINTS SINCE THE EC CONSIDERED THIS A QUID PRO QUO IN ITS ACQUIESCENCE TO THE U.S. TRIGGER PRICE MECHANISM.

(C) BRESCIANI PRODUCERS - RECENTLY EUROFER FAILED TO REACH AGREEMENT WITH THE BRESCIANI PRODUCERS ON HOW EXPORTS WOULD BE MONITORED TO FRANCE, THE FRG, AND THE UK. SCHAEFFER SAID THE GERMANS ARE FURIOUS AND THE COMMISSION IS USING ALL ITS INFLUENCE TO RESTRAIN THE FRENCH FROM TAKING UNILATERAL ACTION AGAINST BRESCIANI EXPORTS. SCHAEFFER SAID THIS IS NOT AN ECONOMIC PROBLEM BECAUSE THE QUANTITIES INVOLVED ARE SMALL, BUT DAVIGNON NEVERTHELESS BELIEVES IT REPRESENTS A SERIOUS POLITICAL THREAT TO THE EC STEEL POLICY.

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(D) EC MARKET - SCHAEFFER SAID THAT WHILE DEMAND REMAINED FAIRLY STAGNANT PRICES HAD FIRMED, DUE TO THE EFFECTS OF THE DAVIGNON PLAN, TO THE POINT THAT THE COMMISSION IS CONSIDERING THE POSSIBILITY OF A FURTHER FIVE PERCENT INCREASE OF GUIDE PRICES IN JUNE. HINTON

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